

**PUBLIC DISCLOSURE**

**SEPTEMBER 10, 2012**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**JEANNE D'ARC CREDIT UNION  
1 TREMONT PLACE  
LOWELL, MA 01853**

**DIVISION OF BANKS  
1000 WASHINGTON STREET  
BOSTON, MA 02118**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (the “Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **JEANNE D’ARC CREDIT UNION (or the “Credit Union”)** prepared by the Division, the institution's supervisory agency. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts regulation 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: This institution is rated “Outstanding.”**

Jeanne D’Arc Credit Union’s performance was evaluated based upon the Intermediate Small Bank CRA Examination Procedures specified for financial institutions with assets of at least \$290 million as of December 31 of both of the prior two calendar years, and less than \$1.16 billion as of December 31 of either of the prior two calendar years.

The rating of this institution is based upon the results of a review under the Lending Test and the Community Development Test, as detailed in this Public Evaluation. The Credit Union received a rating of “Outstanding” under the Lending Test and “High Satisfactory” under the Community Development Test. A summary of the Credit Union’s performance is provided below:

#### **Lending Test is considered “Outstanding.”**

- The average net loan-to-share ratio (66.7 percent) is adequate, given the Credit Union’s size, financial condition, and assessment area credit needs.
- A majority (83.6 percent) of the Credit Union’s home mortgage lending is inside its assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, an excellent penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of the Credit Union’s home mortgage loans reflects a strong level of penetration throughout the assessment area.
- The Credit Union has not received any CRA-related complaints since the last CRA evaluation.

#### **Community Development Test is considered “High Satisfactory.”**

- The Credit Union’s community development performance demonstrates a good responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services.

## **SCOPE OF EXAMINATION**

The Lending Test focused on home mortgage lending. Home mortgage data analyzed included full-year data from January 1, 2010 through December 31, 2011. Information concerning the home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Credit Union, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including re-financings, of one- to four-family and multifamily (five or more units) properties. The Credit Union's home mortgage lending performance for 2010 and 2011 was compared against aggregate lending data within the assessment area. Aggregate data includes all financial institutions subject to HMDA that originated at least one home mortgage loan in the Credit Union's assessment area.

The Community Development Test included community development loans, investments, and services for the period of October 21, 2008 through September 10, 2012. Community development grants and donations for the same time period were also included.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Jeanne D'Arc Credit Union is a community based credit union chartered by the Commonwealth in 1912. Membership is available to anyone who lives, works or attends school in the Massachusetts counties of Middlesex and Essex; the cities and towns of Fitchburg, Leominster, Harvard, Lunenburg, and Lancaster, and the New Hampshire counties of Hillsborough and Rockingham. As of June 30, 2012, the Credit Union had 59,013 members.

The Credit Union's corporate headquarters (1 Tremont Street) and its main branch (658 Merrimack Street) are both located in Lowell, Massachusetts. Jeanne D'Arc Credit Union operates an additional five full-service branches, two loan centers and two high school branches. The full-service branches are located in: Chelmsford, Dracut (2), Methuen and Tyngsboro. The two loan centers are located in Lowell and Chelmsford. The two high school branches are located at Lowell High School and Dracut High School. The Credit Union's corporate headquarters, main branch and Lowell loan center are located in low-income census tracts. The Chelmsford loan center and five full-service branches are located in middle-income census tracts. Lowell High School is located in a low-income census tract and Dracut High School is located in a middle-income census tract.

The Credit Union's hours of operation are from 8:30 a.m. through 4:00 p.m. Monday through Wednesday; 8:30 a.m. through 6:00 p.m. Thursday and Friday; and 8:30 a.m. through 1:00 p.m. on Saturdays. The high school branches are only open during regular school hours. The Credit Union operates automated teller machines (ATMs) at each of its branch locations, with the exception of the Dracut High School branch. Six of the branch locations offer 24-hour ATMs with drive-up facilities.

Jeanne D'Arc Credit Union is a full-service financial institution offering a wide variety of products and services. Savings and checking accounts offered by the Credit Union include statement savings accounts, "M3" savings (12 and younger), money market accounts, certificates of deposit, fee free checking accounts, and premier checking accounts. Home financing programs include fixed rate mortgages, adjustable rate mortgages, home equity loans and home equity lines of credit. Consumer loans include new and used automobile loans, personal loans, educational loans, a VISA credit card, and loans secured by recreational vehicles, boats and motorcycles.

The Credit Union offers a variety of business banking services such as: checking accounts, savings accounts, commercial real estate loans, construction loans, business term loans, business lines of credit and overdraft lines of credit.

Other services offered by the Credit Union include IRAs, free online banking, free online bill pay, free online statements, free mobile banking, and text message banking.

In September 2009, the Credit Union's corporate headquarters, as well as the Chelmsford operations center, moved to 1 Tremont Place in Lowell. The Nashoba Valley High School branch closed in June 2012.

As of June 30, 2012, the Credit Union's assets totaled \$968.1 million and total loans were \$526 million, or 54.3 percent of total assets. The Credit Union's asset size has increased approximately 50.8 percent and the loan portfolio has increased 32.0 percent since the last examination when the Credit Union's assets totaled \$642.1 million and total loans were \$398.4 million.

The Credit Union is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in Table 1, approximately 78.6 percent of the loans are secured by residential one to four-family properties, followed by other real estate loans and lines of credit at 10.5 percent, unsecured credit card loans at 3.9 percent and used vehicle loans at 3.7 percent.

The following table depicts the Credit Union's loan portfolio as of June 30, 2012.

<b>Table 1</b>		
<b>Loan Distribution as of June 30, 2012</b>		
<b>Loan Type</b>	<b>Amount \$(‘000s)</b>	<b>Percent</b>
Residential First Mortgages	413,236	78.6
Other Real Estate Loans/Lines of Credit	55,299	10.5
Unsecured Credit Card Loans	20,472	3.9
Used Vehicle Loans	19,231	3.7
Non-Federally Guaranteed Student Loans	6,299	1.2
Other Unsecured Loans/Lines of Credit	6,053	1.1
Total All Other Loans/Lines of Credit	3,067	0.6
New Vehicles Loans	2,304	0.4
<b>Total Loans</b>	<b>525,961</b>	<b>100.0</b>

*Source: 5300 Report, Statement of Financial Condition June 30, 2012*

There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its assessment area. Based upon the Credit Union's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

The Credit Union was last examined for compliance for the CRA by the Division on October 28, 2008. The examination resulted in a CRA rating of "Outstanding."

### **Description of Assessment Area**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies.

The Credit Union's assessment area contains 10 Massachusetts and 3 New Hampshire cities and towns. The Massachusetts cities and towns are located in Essex and Middlesex Counties. Massachusetts cities and towns include: Methuen located in Essex County and Billerica, Chelmsford, Dracut, Dunstable, Lowell, Pepperell, Tewksbury, Tyngsboro and Westford all located in Middlesex County. Hudson, Nashua and Pelham are all located in Hillsborough County in New Hampshire.

Refer to Table 2 for pertinent demographic information concerning the assessment area.

<b>Table 2</b> <b>Demographic Information</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	95	11.6	20.0	53.7	14.7
Population by Geography	445,461	8.7	19.2	56.5	15.6
Owner-Occupied Housing by Geography	109,282	2.6	13.6	64.0	19.8
Family Distribution by Income Level	115,146	20.9	20.1	24.9	34.1
Distribution of Low and Moderate Income Families throughout AA Geographies	47,139	13.4	27.9	50.0	8.7
Median Family Income (MFI)		\$66,408	Median Housing Value Unemployment Rate		\$115,228
HUD Adjusted MFI for 2010 (Middlesex)		\$98,700			
HUD Adjusted MFI for 2010 (Essex)		\$83,900	2000		2.8%
HUD Adjusted MFI for 2010 (Hillsboro)		\$84,200	August 2012 (MA)		6.3%
Families Below Poverty Level		5.5%	August 2012 (NH)		5.7%
Households Below Poverty Level		7.4%			

*Source: 2000 US Census Data, 2010 HUD updated MFI, 2011 Bureau of Labor Statistics*

As the data in Table 2 shows, the Credit Union's assessment area consists of 95 census tracts, of which there are 11 or 11.6 percent low-income census tracts, 19 or 20.0 percent moderate-income census tracts, 51 or 53.7 percent middle-income census tracts, and 14 or 14.7 percent upper-income census tracts.

The assessment area has a total population of 445,461 residing in 115,146 family households. Of all family households in the area, 20.9 percent are low-income, 20.1 percent are moderate-income, 24.9 percent are middle-income, 34.1 percent are upper-income and 5.5 percent of families are below the poverty level. Of the 162,352 households, 23.4 percent are low-income, 17.0 percent are moderate-income and 7.4 percent are households below the poverty level.

The assessment area consists of 166,150 total housing units, of which 109,282 or 65.8 percent are owner-occupied, 52,846 or 31.8 percent are rental units and 4,022 or 2.4 percent are vacant units. Of the 109,282 owner-occupied housing units, 2,851 or 2.6 percent are in low-income census tracts and 14,893 or 13.6 percent are in moderate-income census tracts. The median housing value in 2000 for the assessment area was \$177,122, and the median age of the housing stock was 33 years.

Regardless of the census tract category in which they are located, low- and moderate-income families represent approximately 13.4 percent and 27.9 percent, respectively, of all families within the Credit Union's assessment area. A closer look at the households in the assessment area reveals 7.4 percent have income levels below the poverty level and 3.0 percent of households receive some form of public assistance. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

According to the 2000 Census data, the unemployment rate in the assessment area was 2.8 percent. More recent data obtained from the Bureau of Labor Statistics Department of Workforce Development shows the national unemployment rate was 8.1 percent as of August 2012, 9.1 percent as of August 2011, and 9.6 percent as of August of 2010. The unemployment rate in Massachusetts was 6.3 percent in August of 2012, 7.4 percent in August of 2011, and 8.8

percent in August of 2010. New Hampshire's unemployment rate was 5.7 in August of 2012, 5.3 percent in August of 2011, and 5.7 percent as of August of 2010.

The Credit Union operates in a highly competitive environment and faces competition from many commercial banks, savings banks, credit unions, and mortgage companies operating in the area. According to the 2010 Market Share Data, 369 institutions originated or purchased a residential loan in the assessment area in 2010. According to market share reports, the Credit Union was ranked 10<sup>th</sup> with a market share of 2.1 percent. The top ranked lenders in the assessment area were Bank of America with 15.0 percent; J.P. Morgan Chase with 5.9 percent; Ally Bank with 4.8 percent; and Wells Fargo with 4.8 percent.

### **Community Contact**

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to these needs, and what credit and community development opportunities, if any, are available.

A community contact was conducted with a quasi-public non-profit organization involved in the economic revitalization of Lowell. The organization focuses on providing secondary financing for the rehabilitation and restoration of downtown buildings. The contact emphasized one of the largest issues in the community is the quality of housing. When properties are not cared for, it leads to increased social problems. There are opportunities for local financial institutions to contribute to rehabilitation projects in the area to help address these issues.

A second community contact was conducted with a community development non-profit organization in the area. This organization was established to assist the impoverished in the greater Lowell area through advocacy, nutrition, job training, homeless services, and affordable housing development. The contact stated one of the greatest needs in the area is the development of affordable housing. The contact felt financial institutions should pursue more affordable housing projects and take initiatives in creating micro lending programs. Overall, both contacts noted local financial institutions, including Jeanne D'Arc Credit Union, are very involved in the community.

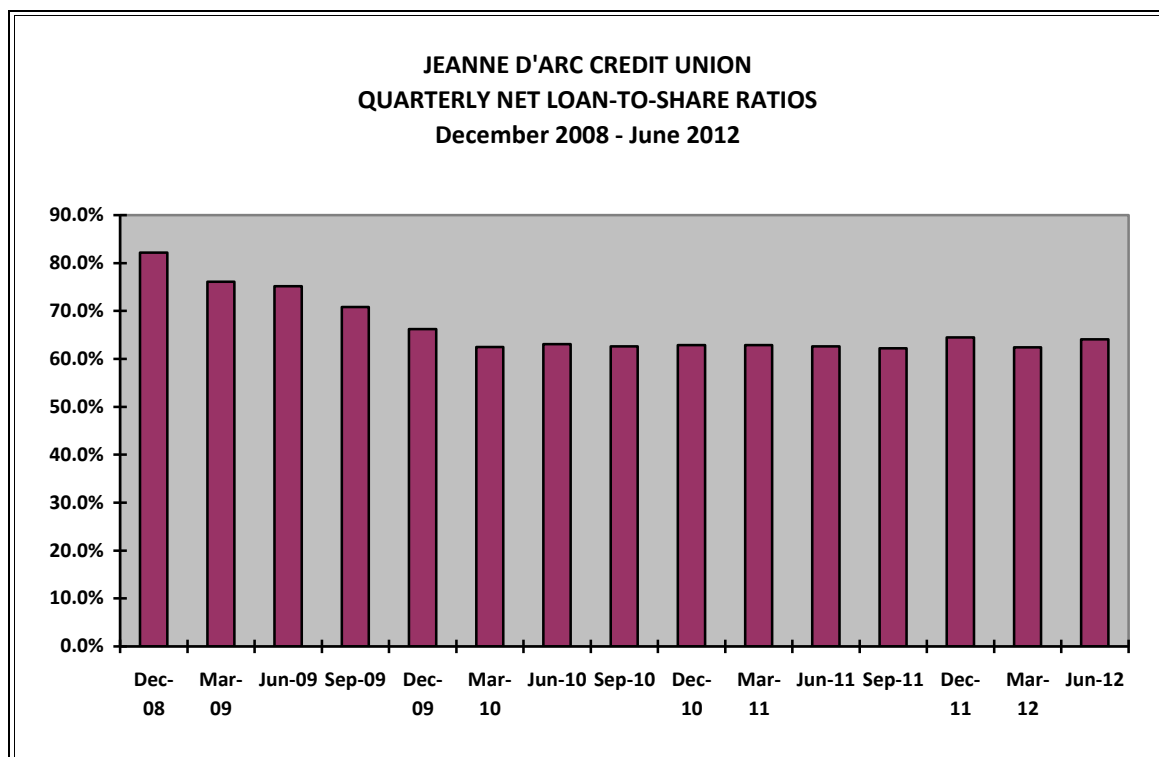


## PERFORMANCE CRITERIA

### LENDING TEST

#### 1. LOAN- TO- SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans. The appropriateness of the Credit Union's loan-to-share ratio ("LTS") was evaluated. A comparative analysis of the Credit Union's quarterly net LTS ratios for the period of December 31, 2008 through June 30, 2012, was conducted during this examination. These ratios are based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits.



*Source: 5300 Report, Statement of Financial Condition*

The average net LTS ratio for the evaluation period was 66.7 percent. As reflected in the graph above, the Credit Union's net LTS ratios fluctuated during the evaluation period, from a high of 82.2 percent in December 2008 to a low of 62.2 percent in September 2011. The Credit Union's net loans increased from \$412,090,151 as of December 30, 2008, to \$520,351,749 as of June 30, 2012, representing an overall increase of approximately 26.3 percent, while shares increased from \$501,122,762 to \$811,741,468 or 62.0 percent. As indicated, the decrease in the ratios reflects the Credit Union's growth of shares outpacing loan growth.

For comparison purposes, the Credit Union's average net LTS ratio was compared against the average net LTS ratios of two similarly situated institutions (similar asset size and loan portfolio composition). Refer to the Table 3 for further information.

<b>Table 3</b> <b>Net Loan-to-Share Ratios</b>		
<b>Institution</b>	<b>Averaged net LTS Ratio (12/31/08 – 6/30/12)</b>	<b>Assets as of June 30, 2012</b>
St. Mary's Credit Union	77.2%	\$603,323,918
Northern MA Telephone Workers Credit Union	67.6%	\$535,736,889
<b>Jeanne D'Arc Credit Union</b>	<b>66.7%</b>	<b>\$968,130,006</b>

Source: 5300 Report, Statement of Financial Condition

As shown in Table 3 above, Jeanne D'Arc's average net LTS is comparable to the two similarly situated institutions.

In 2010, the Credit Union started selling loans on the secondary market. During the examination period, the Credit Union sold 442 loans totaling \$83 million to Fannie Mae. Because these loans have been sold, they are not reflected in the LTS ratio, but are indicative of the Credit Union's willingness to make funds available to meet the credit needs of its community.

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is considered adequate.

## 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending.

Table 4 illustrates the Credit Union's lending inside and outside the assessment area. As displayed below, the Credit Union extended 1,232 loans during 2010 and 2011, of which 1,030 or 83.6 percent were originated inside the assessment area. Refer to the following table for further information regarding the Credit Union's distribution of loans inside and outside the assessment area.

<b>Table 4</b> <b>Distribution of Loans Inside and Outside of Assessment Area</b>										
<b>Loan Type</b>	<b>Number Loans</b>					<b>Dollar Volume</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
2010										
Home Purchase	88	70.4	37	29.6	125	15,569	62.5	9,360	37.6	24,929
Refinance	288	88.9	36	11.1	324	45,961	86.8	6,993	13.2	52,954
Home Improvement	119	88.2	16	11.9	135	9,820	82.1	2,143	17.9	11,963
<b>Total</b>	<b>495</b>	<b>84.8</b>	<b>89</b>	<b>15.2</b>	<b>584</b>	<b>71,350</b>	<b>79.4</b>	<b>18,496</b>	<b>20.6</b>	<b>89,846</b>
2011										
Home Purchase	107	69.0	48	31.0	155	18,672	62.4	11,233	37.6	29,905
Refinance	307	85.0	54	15.0	361	46,451	76.0	14,627	24.0	61,078
Home Improvement	121	91.7	11	8.3	132	11,034	91.9	971	8.1	12,005
<b>Total</b>	<b>535</b>	<b>82.6</b>	<b>113</b>	<b>17.4</b>	<b>648</b>	<b>76,157</b>	<b>74.0</b>	<b>26,831</b>	<b>26.0</b>	<b>102,988</b>
<b>Total Home Loan</b>	<b>1,030</b>	<b>83.6</b>	<b>202</b>	<b>16.4</b>	<b>1,232</b>	<b>147,507</b>	<b>76.5</b>	<b>45,327</b>	<b>23.5</b>	<b>192,834</b>

Source: 2010 and 2011 HMDA LARs

As noted in the table above, a majority of the Credit Union's lending was within the assessment area. Of the Credit Union's home mortgage loans, 83.6 percent by number were originated within the assessment area and 76.5 percent by dollar amount was originated inside the assessment area.

Based on the above analysis, the Credit Union's level of lending activity within the assessment area is considered good.

### 3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes for 2010 and 2011 were compared to the median family incomes for the assessment area.

The following table shows, by number, home mortgage loans to low, moderate, middle and upper-income borrowers originated inside the assessment area in comparison to the percentage of total families within the assessment area in each respective income group and the aggregate data for 2010 and 2011.

<b>Table 5</b> <b>Distribution of Home Mortgage Loans by Borrower Income</b> <b>(Excludes Borrowers for which income is not available)</b>									
Median Family Income Level	% of Families	2010 Credit Union Data		2010 Aggregate Data		2011 Credit Union Data		2011 Aggregate Data	
		#	%	#	%	#	%	#	%
Low	20.9	71	14.7	1,781	9.2	96	18.6	1,896	11.6
Moderate	20.1	121	25.1	4,632	23.8	136	26.3	4,055	24.8
Middle	24.9	161	33.3	6,265	32.2	170	32.9	5,230	31.9
Upper	34.1	130	26.9	6,758	34.8	115	22.2	5,196	31.7
Total	100.0	483	100.0	19,436	100.0	517	100.0	16,377	100.0

*Source: 2010 and 2011 HMDA LARs, 2010 and 2011 HMDA Aggregate, and 2000 US Census Data*

The Credit Union demonstrates strong performance in lending to low- and moderate-income borrowers. As displayed in the table above, the Credit Union originated 14.7 percent to low-income borrowers in 2010. The Credit Union's percentage of loans granted to low-income borrowers in the assessment area is well above the percentage of loans granted by aggregate (9.2 percent) for 2010. In 2011, the Credit Union's percentage of loans granted to low-income borrowers increased to 18.6 percent, again outperforming aggregate data of 11.6 percent.

Table 5 shows that the Credit Union originated 25.1 percent of loans to moderate-income borrowers in 2010. The Credit Union's performance exceeded both the percentage of moderate-income families (20.1 percent) and the aggregate's percentage (23.8 percent). In 2011, the Credit Union's performance improved slightly as 26.3 percent of loans were made to moderate-income borrowers. The Credit Union's performance was higher than the aggregate's performance level of 24.8 percent.

Based on the review of HMDA data and the demographics of the assessment area, Jeanne D'Arc Credit Union has achieved an excellent penetration of loans among individuals of different income levels.

#### 4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Credit Union's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Credit Union's assessment area comprises 95 census tracts of which 11 are low-income, 19 are moderate-income, 51 are middle-income, and 14 are upper-income census tracts.

The following table illustrates geographic distribution of the Credit Union's 2010 and 2011 home mortgage lending performance within the assessment area. For comparison purposes, the table includes the percentage of owner-occupied housing units within each income category and the aggregate lending data for 2010 and 2011.

<b>Table 6</b> <b>Distribution of Home Mortgage Loans by Census Tract Income Level</b>									
Census Tract Income Level	% of Total Owner Occupied Housing Units	2010 Credit Union Data		2010 Aggregate Data		2011 Credit Union Data		2011 Aggregate Data	
		#	%	#	%	#	%	#	%
Low	2.6	12	2.4	466	2.0	24	4.5	409	2.1
Moderate	13.6	126	25.5	2,358	10.4	138	25.8	2,011	10.2
Middle	64.0	284	57.4	14,779	62.9	316	59.1	12,330	62.6
Upper	19.8	73	14.8	5,868	24.8	57	10.7	4,948	25.1
<b>Total</b>	<b>100.0</b>	<b>495</b>	<b>100.0</b>	<b>23,471</b>	<b>100.0</b>	<b>535</b>	<b>100.0</b>	<b>19,698</b>	<b>100.0</b>

*Source: 2010 and 2011 HMDA LARs, 2010 and 2011 HMDA Aggregate and 2000 U.S. Census Data*

As shown in Table 6 above, the Credit Union originated 2.4 percent of its loans in low-income census tracts in 2010, slightly above the performance of aggregate lenders (2.0 percent). The Credit Union's performance was slightly less than the percentage of owner occupied units (2.6 percent). In 2011 the Credit Union increased its lending significantly in low-income census tracts. The Credit Union originated 4.5 percent of its loans in low-income census, outperforming the aggregate's level of 2.1 percent.

The Credit Union originated 25.5 percent of its loans in moderate-income census tracts in 2010, outperforming both aggregate lenders (10.4 percent) and owner occupied housing units (13.6 percent). In 2011, the Credit Union's percentage of loans granted to moderate-income borrowers increased slightly to 25.8 percent, outperforming aggregate data of 10.2 percent.

Overall, the geographic distribution of loans reflects excellent penetration throughout the institution's assessment area.

#### 5. RESPONSE TO COMPLAINTS AND FAIR LENDING POLICIES AND PROCEDURES

The Credit Union's Fair Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

A review of the Credit Union's public comment file indicated the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. However, the Credit Union does have proper policies and procedures in place should such complaints arise.

The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no violations of the anti-discrimination laws and regulations were identified.

Jeanne D'Arc Credit Union has a fair lending policy statement which the Board of Directors reviews and approves annually. The Credit Union provides fair lending training to all new employees and existing staff is provided fair lending training annually. In addition, the Credit Union conducts internal and external fair lending audits. Included in the loan and fair lending policies are procedures for the second review process of all denied loan applications.

### **MINORITY APPLICATION FLOW**

The Credit Union's level of lending was compared with the aggregate's lending performance levels for the most recent year that data was available, the year 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. The Credit Union's performance was lower than the 2010 aggregate's performance level for racial minority applicants but was higher than the aggregate for Hispanic applicants. The Credit Union received 7.5 percent of its applications from minorities while the aggregate was 10.2 percent. The Credit Union received 3.1 percent of its applications from Hispanic applicants while the aggregate received 2.9 percent.

Jeanne D'Arc Credit Union received 1,454 HMDA reportable loan applications from within its assessment area in 2010 and 2011. Refer to the following table for information on the Credit Union's minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union's assessment area. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority applicants.

The Credit Union's Loan Application Registers for 2010 and 2011 were reviewed to determine if the application flow from the different racial groups within the Credit Union's assessment area was reflective of the area's demographics. The Credit Union's assessment area contains 445,461 individuals, 69,293 or 15.6 percent whom are minorities. The assessment area's minority and ethnic population is 0.2 percent Native American, 6.1 percent Asian, 1.6 percent African American, 6.1 percent Hispanic or Latino, 0.0 percent Hawaiian/Pacific Islander and 1.6 percent other.

MINORITY APPLICATION FLOW								
RACE	Credit Union 2010		2010 Aggregate Data		Credit Union 2011		2011 Aggregate Data	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	1	0.2	52	0.2	2	0.3	46	0.2
<i>Asian</i>	36	5.3	2,632	8.3	39	5.0	2,088	7.5
<i>Black/ African American</i>	9	1.3	259	0.8	11	1.4	270	1.0
<i>Hawaiian/Pac Isl.</i>	0	0.0	30	0.1	0	0.0	26	0.1
<i>2 or more Minority</i>	0	0.0	7	0.0	0	0.0	4	0.0
<i>Joint Race (White/Minority)</i>	5	0.7	291	0.9	6	0.8	266	0.9
<b>Total Minority</b>	<b>51</b>	<b>7.5</b>	<b>3,271</b>	<b>10.2</b>	<b>58</b>	<b>7.5</b>	<b>2,700</b>	<b>9.7</b>
<i>White</i>	603	88.8	22,099	69.2	656	84.7	18,544	66.8
<i>Race Not Available</i>	25	3.7	6,551	20.5	61	7.9	6,525	23.5
<b>Total</b>	<b>679</b>	<b>100.0</b>	<b>31,921</b>	<b>100.0</b>	<b>775</b>	<b>100.0</b>	<b>27,769</b>	<b>100.0</b>
<b>ETHNICITY</b>								
<i>Hispanic or Latino</i>	<b>12</b>	<b>1.8</b>	675	<b>2.1</b>	22	<b>2.8</b>	689	<b>2.5</b>
<i>Not Hispanic or Latino</i>	631	92.9	24,364	76.3	678	87.5	20,396	73.4
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	<b>9</b>	<b>1.3</b>	260	<b>0.8</b>	8	<b>1.0</b>	249	<b>0.9</b>
<i>Ethnicity Not Available</i>	27	4.0	6,622	20.7	67	8.7	6,435	23.2
<b>Total</b>	<b>679</b>	<b>100.0</b>	<b>31,921</b>	<b>100.0</b>	<b>775</b>	<b>100.0</b>	<b>27,769</b>	<b>100.0</b>

Source: 2010 and 2011 HMDA LARs, 2010 HMDA Aggregate Data

The Credit Union's performance was below the 2010 and 2011 aggregate performance level for minority applicants. However, the Credit Union's performance was slightly above the 2010 and 2011 aggregate for ethnic minorities. The Credit Union received 3.1 and 3.8 percent while the aggregate received 2.9 and 3.4 percent for ethnic minorities for 2010 and 2011, respectively.

The Credit Union's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate for the aggregate lending and the demographics of the assessment area.

## COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the financial institution's responsiveness to the community development needs of its assessment area through the provision of community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area(s). The financial institution's community development performance demonstrates a good responsiveness to the community development needs of its assessment area.

### Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance. The Credit Union has devoted time and resources to area organizations. Credit Union officers and employees have built strong relationships with schools and community organizations. The Credit Union has taken initiatives in developing and implementing programs which provide financial education to members of the community.

## **Educational Seminars and Services**

### ***MoneyStrong***

The Credit Union's MoneyStrong initiative provides members of the community with a variety of educational programs and seminars serving to promote financial literacy. MoneyStrong is targeted towards anyone who is new to the financial services industry (low and moderate-income individuals, immigrants, new graduates, individuals without credit history) or for people who have made poor financial decisions in the past. Since 2009, the Credit Union has hosted over 250 educational seminars and programs, serving over 17,000 individuals of all ages. These seminars have been held at a variety of locations in the community, including local grammar schools, high schools, colleges, churches, and social service agencies. Topics included: money management, budgeting, student loans, estate planning, credit and employability, surviving tough financial times, first-time home buying, basic banking, retirement planning and tax preparation.

The following are some examples of programs offered through the MoneyStrong initiative.

- **“MoneyStrong for Life Fair”** is an event designed to give high school seniors a real life, interactive financial experience. This fair places students in a scenario in which they imagine themselves at age 25 in their chosen career. They are each given a financial portfolio based on their choice of careers. The students visit a number of booths manned by community volunteers to address a variety of issues including housing, transportation, insurance, clothing, and retirement. The objective is for the students to work through the booths and to stay within their respective budgets. At the end of the fair, students receive advice from consultants on how to better live within their means.
- **“MoneyStrong for Life Challenge”** is a program designed to help families learn how to reduce their debt. Four local families compete with each other to see who can make the most money while getting rid of the most debt in a nine-month period. They work alongside employees of the Credit Union who serve as financial coaches, helping them develop and work their individual plans. The families involved in the challenge each blog on MoneyStrong's website to inspire and educate other people and to encourage financial literacy in the community.
- In 2010, MoneyStrong began offering a number of flexible loan products intended to help members with no credit history or low credit scores rebuild their credit. The types of loans included in this program are Visa, Personal, and Auto loans. Borrowers must have the ability to repay the loan, have a minimum monthly gross income of \$500, have no assumed housing expense if they live rent free, and the loan to gross income ratio is tiered based on gross monthly income.

### ***Lowell Small Business Resource Fair***

This event gathered a number of public and private sector organizations and companies who deliver financial and technical support for starting and growing small businesses. The event was created to aid individuals needing assistance in starting a small business. It strives to bring as many resources together under one roof to facilitate access to useful and valuable information for small business owners.

## **Employee Services**

The Credit Union's employees have demonstrated the institution's commitment to the assessment area by volunteering their time and financial expertise to numerous community-oriented organizations and programs which provide community based services such as affordable housing opportunities to low- and moderate-income individuals and organizations which promote economic development opportunities for small businesses within the assessment area.

The following are a few examples of the Credit Union's participation with various organizations which have benefited the community.

### ***The Lowell Plan, Inc.***

The Lowell Plan Inc. is a private, non-profit economic development organization which provides a forum for private and public sector leaders to discuss Lowell's economic, educational, and cultural development; and supports and advocates for partnership programs that advance the strategic goals of the organization. The President/Chief Executive Officer serves as a Director and as a Member of the Executive Committee of this organization. A Vice President and a Board Member serve as Board Members of this organization.

### ***Catie's Closet***

The mission of this organization is to partner with school social service representatives to provide clothing, toiletries and bus tokens for students who are homeless or greatly disadvantaged, to help them overcome obstacles in learning. An Assistant Vice President is the President/Founder of this organization.

### ***Budget Buddies***

Budget Buddies builds the financial literacy, confidence, and security of low-income women in greater Lowell through a unique program of one-on-one coaching and workshops to develop self esteem and core money-management skills. An Assistant Branch Manager serves as the Program Director for this organization.

### ***Merrimack Valley Food Bank***

The Merrimack Valley Food Bank is a community-sponsored non-profit organization providing nutritious food and personal care items to emergency feeding programs serving the low-income, homeless and hungry. It is one of four food banks in Massachusetts which serves food pantries, shelters, soup kitchens, day and residential programs which, in turn, serve individuals and families. The Senior Vice President/Chief Information Officer serves as the Director of this organization.

### ***Lowell Development and Financial Corporation (LDFC)***

LDFC is a non-profit development corporation established to assist in Lowell's economic revitalization. A Vice President serves as the President of this organization.

### ***Merrimack Valley Housing Partnership (MVHP)***

MVHP is a private 501(C)(3), non-profit organization. The mission of the organization is to promote affordable home ownership opportunities for low- and moderate-income individuals. MVHP focuses its services, which include down payment assistance and first-time home buyer training programs, in the Greater Lowell community which includes Billerica, Chelmsford, Dracut, Tewksbury and Tyngsboro. A Vice President serves as a volunteer workshop presenter, and a Loan Originator teaches mortgage workshops.



***Girls Incorporated of Greater Lowell (Girls Inc.)***

Girls, Inc. strives to teach the independence and personal responsibility girls need to succeed. They work with at-risk girls to provide them with a variety of skills and interests that will help them positively in the future by introducing money management and career development skills. A Senior Vice President serves on the Board and the Finance Committee, and a Vice President serves on the Board.

***Community Teamwork, Inc. (CTI)***

CTI's mission is to assist low-income individuals to become self-sufficient, to alleviate the effects of poverty, and to participate in the decisions affecting their lives. The organization serves the Greater Lowell community. A Vice President serves as member of the Sales Advisory committee and another Vice President serves on the Board.

**Community Development Loans**

For purposes of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Credit Union for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the Credit Union's assessment area or a broader statewide or regional area that includes the Credit Union's assessment area.

During the evaluation period, the Credit Union originated two qualified community development loans for a total of \$201,000. This represents a decrease in the dollar amount from the previous examination period, when the Credit Union made one qualified community development loan totaling \$1.1 million. The following describes the community development loans the Credit Union originated during the current evaluation period:

In 2009, a commercial loan for \$1,000 was originated to a community development financial institution that provides residential financing to members of the Greater Lowell Area that have a demonstrated need. Products include home improvement loans, first-time homebuyer loans, and foreclosure prevention products.

In 2011, a \$200,000 loan was originated to an organization whose purpose is to offer low interest loans provided from local banks and credit unions to local businesses in a low-income area. The use of this program allows businesses throughout Downtown Lowell to renovate their buildings to be more energy efficient. The energy savings allow businesses to expand their cash flow and retain or create jobs throughout the area. For example, in June of 2011, a local social service organization geared toward development of employment skills for youths began an extensive renovation project to increase the number of enrollments in the program.

**Community Development Investments**

A qualified investment for purposes of this CRA evaluation is a lawful investment, donation, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives.

During the examination period, the Credit Union's qualified CRA investments totaled \$254,522. The details are as follows:

In December 2000, Jeanne D'Arc Credit Union began participating in the Lowell Development and Financial Corporation's Downtown Venture Fund (DVF). The DVF is an incentive program to enhance the retail and restaurant climate of downtown Lowell. The purpose of the DVF is to form a pool of funds available to existing and start-up restaurants and retailers to assist them by making "risk" funds available through the DVF. As of September 2012, the current book value of the Credit Union's investment in the DVF is \$60,000.

The Credit Union funded 291 qualified donations during the assessment period, for a total of \$194,522. Donations were made to agencies promoting education, youth programs and health and human services for individuals in need. Table 7 below details the Credit Union's donations by the community development purpose:

<b>Table 7 Community Development Grants</b>												
	<b>10/08 – 12/08</b>		<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>01/12-09/12</b>		<b>Total</b>	
<b>Community Development Category</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Affordable Housing	1	2,000	3	2,100	2	1,250	1	1,000	2	2,650	9	9,000
Community Services	15	6,725	56	26,680	71	46,214	50	36,035	30	15,955	222	131,619
Economic Development	2	389	15	11,367	15	6,424	13	16,189	15	19,564	60	53,933
<b>Total</b>	<b>18</b>	<b>9,114</b>	<b>74</b>	<b>40,147</b>	<b>88</b>	<b>53,888</b>	<b>64</b>	<b>53,234</b>	<b>47</b>	<b>38,169</b>	<b>291</b>	<b>194,552</b>

*Source: Internal Credit Union records*

The following are a sample of the organizations benefiting from the Credit Union's qualified donations during the evaluation period:

#### ***The Boys and Girls Club of Greater Lowell***

The Boys and Girls club provides a traditionally underserved portion of the community with a variety of affordable social service programs, ranging from academic assistance, health and wellness seminars, job training and financial literacy. Donations and contributions are directed towards financial assistance for those who have a demonstrated need.

#### ***Manolis Family Foundation (MFF)***

The mission of this organization is to support low- and moderate-income individuals through food, financial aid and scholarships. MFF is helping families move toward economic and social independence by means of donations from individuals, other social organizations, and local businesses.

#### ***Coalition for a Better Acre (CBA)***

A non-profit affordable housing management and development organization, CBA aims to provide low-income and working class residents with the opportunity to live in affordable and attractive housing. With a portfolio of over 425 affordable residential units, CBA serves the Greater Lowell area by promoting and developing healthy neighborhoods.

#### ***The Lowell Plan***

An economic development organization, the Lowell Plan's mission is to reinvigorate local businesses throughout the area. Through the renovation of buildings in downtown Lowell, creation of chambers of commerce, as well as development of homeownership incentive plans, the Lowell Plan focuses its efforts on realizing the economic potential of the Lowell area.

***The Merrimack Valley Food Bank***

A community-supported non-profit organization that provides nutritious food and personal care items to emergency feeding programs serving the low-income, homeless and hungry. The organization occupies two levels of a mill building in Lowell; its service area includes the Merrimack Valley and North Shore.

***Lowell Community Health Center (LCHC)***

The mission of LCHC is to provide caring, quality, and culturally appropriate health services to the people of Greater Lowell. For patients without insurance, LCHC offers a sliding fee scale, or free care, based on each patient's household size and income. No patient is denied care because of their inability to pay. Health Benefits Coordinators are available to assist new and existing patients with determining eligibility for insurance plans and programs. Additionally, Lowell is federally designated as a Medically Underserved Area & Health Professional Shortage Area.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 1 Tremont Place, Lowell, MA 01853."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.